

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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**This brochure provides information about the qualifications and business practices of Select Equity Group, L.P. (or “We” or “Our” or “Us” or “the Firm”). If you have any questions about the contents of this brochure, please contact us at (212) 475-8335 or [clients@selectequity.com](mailto:clients@selectequity.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.**

**We will provide you with a brochure at any time, without charge. Additional information about Select Equity Group, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 Material Changes

The following material changes were made to this brochure since the last annual update, which was dated March 31, 2021. Other changes have been made to this brochure since that date, but we do not view them as material. We encourage all recipients of this Brochure to read it in its entirety.

- None

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#### Item 4 Advisory Business

The Firm is a Delaware limited partnership formed in 2013 in connection with the merger of Select Equity Group, Inc. ("SEGI") and its affiliate, Select Offshore Advisors, LLC ("SOA"), into a single investment advisory entity. The Firm is employee owned. We provide investment management services to individual and private fund clients, and sub-advisory services to certain Undertakings for Collective Investments in Transferable Securities ("UCITS") sub-funds, Collective Investment Trusts ("COLs") and registered investment companies ("1940 Act Funds"). The Firm's general partner is Select Equity GP, LLC, a Delaware limited liability company (the "General Partner"). George S. Loening is the controlling member of the General Partner. On November 26, 2013, the Firm succeeded to the registrations of SEGI, which was registered with the U.S. Securities and Exchange Commission (the "SEC") in 1992, and SOA, which was registered with the SEC in 2006.

##### Types of Advisory Services

##### For Our Individual Clients

##### *For Our Individual Clients in Our U.S. Long-Only Strategy*

We offer a long-only equity management program that utilizes fundamental analysis to select stocks, with a view towards capital appreciation. The Firm may generally maintain cash positions for accounts in this strategy when, in its opinion, market conditions limit investment opportunities meeting the standards it has established for investments, however, money market reserves have typically ranged between 0% and 20%, depending on market conditions. Clients may terminate an investment advisory contract at any time subject to any applicable notice provisions. Though client accounts are managed independently, we use a similar investment approach in substantially all of our separately managed accounts in this strategy. In addition, we generally limit our portfolio of securities to fewer than forty stocks in each account. We believe this approach allows for the continuous and thorough evaluation of all accounts and all equities held.

As a general matter, we do not attempt to "time" the market or to predict overall macro-economic trends. Instead, we seek to make investments in good businesses with strong managements that we believe to be inefficiently valued by the markets. Typically, these companies are profitable, have growing sales and stable or expanding profit margins and healthy or rapidly improving balance sheets. When market conditions are such that companies cannot be found that meet the Firm's standards, we will maintain cash positions in its accounts until such investment opportunities are uncovered. We may from time to time sell securities in client accounts to capture losses and seek to create tax efficiencies.

Individual clients may request restrictions on investing in certain securities or types of securities, which may be accepted by the Firm if it believes the restrictions can be accommodated operationally and the portfolio can be managed consistent with those restrictions.

We offer the foregoing services in conjunction with several fee arrangements at the option of the client. Certain fee arrangements are based on a percentage of assets under management; others include an asset-based fee and a performance-based fee. The performance-based fee arrangements are available only to clients who meet certain financial and/or sophistication requirements, as hereinafter described.

The fees charged to such individual clients are discussed in Item 5 below.

##### *For Our Individual Clients in Other Strategies*

We also offer other strategies with different or negotiated fee schedules and other terms, including accounts that are similar in strategy to certain of the Private Funds, as defined below.

##### *General*

Our individual clients may request restrictions on investing in certain securities or types of securities. The Firm may accept such restrictions provided that it believes the restrictions can be accommodated operationally and the portfolio can be managed consistent with those restrictions.

#### For Our “Private Fund” Clients

The Firm also serves as investment manager to certain private funds (each a “Private Fund”), which are managed in accordance with the applicable investment strategy described below in Item 8 and the methodology described in its confidential private offering memorandum (“Offering Memorandum”). The general partner of each Private Fund that is organized as a limited partnership is an affiliate of the Firm. Furthermore, an affiliate of the Firm serves on the Board of Directors of each Private Fund that is organized as a Cayman Islands exempted company. Private Funds may have multiple classes of limited partnership interests or shares. The classes may differ in terms of fees, liquidity rights or other features as described in the Offering Memorandum for the Private Fund.

The Private Funds may, without notice to other investors, enter into (and have entered into) “side letter” agreements with certain prospective or existing investors granting them, among other things, special liquidity rights, performance compensation waivers or reductions, hurdle rate modifications, management fee reductions or modifications, withdrawal or redemption fee waivers or reductions, and/or other more favorable investment terms than the terms that are described in the applicable Offering Memorandum. The granting of preferred terms to certain investors is solely at the discretion of the Firm, an affiliate that serves as general partner of the Private Fund or the Board of Directors of the Private Fund, as applicable, and the Private Funds shall have no obligation to offer such differing or additional rights, terms or conditions to all investors.

We also offer Private Fund strategies as separately managed accounts to individual clients who meet certain financial and/or sophistication requirements with different or negotiated fee schedules and other terms.

The fees charged to Private Funds are discussed in Item 5 below.

#### Sub-Advisory Services

We offer sub-advisory services to certain registered commingled investment vehicles, including UCITS sub-funds, COLs sub-funds and 1940 Act funds (collectively, “Sub-Advisory Clients”). The investment strategies offered to our Sub-Advisory Clients may be similar to our Private Fund strategies; provided that they will be subject to any regulatory requirements applicable to, or other investment restrictions imposed by, such Sub-Advisory Clients.

The fees charged to Sub-Advisory Clients are discussed in Item 5 below.

#### Assets Under Management

All individual client accounts (subject to any agreed upon client guidelines or restrictions), Private Funds and Sub-Advisory Client accounts are managed on a discretionary basis. As of December 31, 2021, we manage approximately \$58,473,340,769 (gross) on a discretionary basis and \$0.00 on a non-discretionary basis.

## Item 5 Fees and Compensation

### We receive the following types of fees for our advisory services:

We, or one of our affiliates, receive asset-based management fees and/or performance-based compensation, discussed below, for our advisory services. Please note, that we reserve the right to enter into alternative fee arrangements with institutional clients or other clients that meet specific minimum size or other characteristics.

The following is our fee schedule:

#### For Our Individual Clients

##### *For Our Individual Clients in Our U.S. Long-Only Strategy*

We offer the foregoing services in conjunction with several fee arrangements at the option of the client. Certain fee arrangements are based on a percentage of assets under management; others include an asset-based fee and a performance-based fee. The performance-based fee arrangement is available only to clients who meet certain financial and/or sophistication requirements, as hereinafter described.

As discussed in Item 4 above, we often provide asset management services for clients on an asset-based fee basis. We generally charge an annual management fee between 0% (for employees, principals and certain affiliates) and 2% of assets under management paid (on a prorated basis) at the end of every calendar quarter. Fees are based on the fair market value of the portfolio under management at the closing date of each calendar quarter (March 31, June 30, September 30, December 31) after all fees (other than the management fee) and commissions. In the event that the client terminates the managed account between quarterly billing cycles or adds or withdraws funds between quarterly billing cycles, the client is billed on the prorated annual fee rate applicable to its account based on the assets under management as of the termination date or addition or withdrawal date, as appropriate.

For individual clients, generally, we will submit to that client's custodian a bill for management fees each quarter unless we have the ability to direct-debit the account. The custodian will deduct our management fees from those individual clients' custodial accounts. Certain clients have requested that we send them a bill for management fees each billing cycle and they, in turn, request that the custodian deduct our fee from their account. Fees are based on the fair market value of the portfolio under management at the closing date of each calendar quarter (March 31, June 30, September 30, December 31) after all fees (other than the management fee) and commissions.

We have agreed and may continue to agree, for accounts greater than \$10 million, to provide asset management services for clients on a performance fee basis. We may, in our sole discretion, allow performance fee arrangements for accounts with less than \$10 million provided such clients have a net worth that meets the standards established by the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). The fees will be individually negotiated and will typically involve both a performance-based fee and an asset-based fee. All performance-based fees will comply with Section 205 of the Advisers Act and Rule 205-3 thereunder, as applicable. In certain cases, the performance fees may be subject to a 5% performance hurdle. In other cases, the performance fees are subject to the outperformance of a particular index. In such cases, because the performance fee is determined based on the outperformance of an index, it is possible that the performance fee would be payable even if such client's account had depreciated in value or that the performance fee could exceed the appreciation in the value of such client's account. For individual clients with performance-based compensation arrangements, the performance compensation is generally assessed at the end of the calendar year based on the portfolio's fair market value as of the applicable year-end (inclusive of any portfolio contributions within the given period, which are treated as individual tranches), or, as appropriate, the date of portfolio withdrawals or portfolio termination. Typically, for accounts where we don't have the ability to direct-debit the account, we will submit to that client's custodian a bill for performance-based fees, if any, annually. The custodian will deduct our performance-based fees from those individual clients' custodial accounts.

If a client's assets are invested in a money market mutual fund (which in some cases has been selected as a cash management option by the client), such assets will be subject to management and other fees charged by such fund, as well as the advisory fee charged by us. As a result, the client will in effect be paying two advisory fees with

respect to the assets invested in the money market fund.

*For Our Other Individual Clients*

The fee schedules described above relate to our U.S. Long-Only Strategy. We manage and offer other strategies with different or negotiated fee schedules and terms, including accounts that are similar in strategy to certain of the Private Funds. Those fee schedules may include an asset-based fee component and/or (provided that the client has a net worth that meets the standards established by the SEC under the Advisers Act) a performance-based fee component and vary based on the relevant account's strategy in addition to any other terms negotiated with each client.

For Our Private Fund Clients

Certain Private Fund clients pay a management fee in an amount equal to 0.0% to 2.00% per annum of net asset value. Each Private Fund may have multiple classes of limited partnership interests ("Interests") or shares ("Shares"). The classes may differ in terms of fees, liquidity rights or other features as described in the Offering Memorandum for the Private Fund. Certain classes of Interests or Shares of the Private Funds may also be subject to an incentive allocation or, in the case of the Private Equity strategy, carried interest ("Performance Compensation") equal to 10% to 30% of net gains; in certain cases, the Performance Compensation is subject to a 5-10% net performance hurdle. In certain cases, Performance Compensation only applies to net gains that bring the investor to a new "high water mark." In other cases, the Performance Compensation is subject to the outperformance of a particular index. In such cases, because the Performance Compensation is determined based on the outperformance of an index, it is possible that Performance Compensation would apply even if such investor's capital account or per share net asset value had depreciated in value or that the Performance Compensation could exceed the appreciation in the value of such investor's Interests or Shares. In the case of the private equity funds, the Performance Compensation is subject to a preferred return.

With respect to the Private Equity strategy, the Firm may receive monitoring or other fees paid to it by the portfolio companies held by the strategy.

Our employees, principals and certain affiliates are generally not charged asset-based fees or Performance Compensation in connection with any investment they may make in the Private Funds.

The Firm has the discretion to modify its fees on a case by case basis and has done so in the past. We have offered and expect to continue to offer other strategies with different or negotiated fee schedules and other terms, including managed accounts and/or private funds that are similar in strategy to certain of the Private Funds.

For Private Funds, management fees and Performance Compensation are deducted from or charged to the applicable investor's capital account or shares of the Private Fund. Generally, a Private Fund's management fee is charged monthly in arrears and Performance Compensation is allocated at the end of the fiscal year based on the portfolio's fair market value as of the applicable fiscal year-end, or the termination or withdrawal/redemption date, as appropriate.

For Our Sub-Advisory Clients

The fees paid by our Sub-Advisory Clients are separately negotiated with each Sub-Advisory Client and will vary based on investment strategy and client type in addition to any other fee terms or methodologies that may be agreed to with each client.

Other Fees And Expenses That The Client May Pay In Connection With Our Advisory Services:

With respect to our individual clients, in addition to the fees outlined above, and brokerage and other transactional costs discussed more fully in Item 12 below, our clients will incur custodial fees charged by their custodian, and, if a client's assets are invested in a money market mutual fund (which in some cases has been selected as a cash management option by the client), such assets will be subject to management and other fees charged by such fund, as well as the advisory fee charged by us. As a result, those clients will in effect be paying two advisory fees with

respect to the assets invested in the money market fund.

In addition to the fees outlined above and brokerage and other transactional costs discussed more fully in Item 12 below, the Private Funds, and not their general partner or the Firm, will bear a portion of any expenses associated with the Firm's research activities and their own accounting, legal, administration, risk management and other operating expenses, including expenses of consultants, advisors, insurance and offering expenses, taxes, and brokerage fees. If a Private Fund's assets are invested in a money market mutual fund or similar cash management vehicle, such assets will be subject to management and other fees charged by such fund, as well as the management fee charged by us. As a result, the Private Fund will in effect be paying two management fees with respect to the assets, if any, invested in the money market fund or similar cash management vehicle.

The Firm has adopted an expense allocation policy (the "Expense Allocation Policy") which it utilizes in determining the types of expenses that are appropriate to be allocated to and borne by its clients. In connection therewith, the Firm seeks to ensure that expenses (the "Permissible Expenses") allocated to and paid by its clients are consistent with, and permissible under, the applicable advisory contracts, governing agreements, Offering Memoranda and other operative documents (the "Governing Documents") governing such clients and that shared Permissible Expenses are allocated among the Firm's clients in a manner intended by the Firm to be fair and equitable to its clients, such that no client is consistently advantaged or disadvantaged in relation to any other client, or disadvantaged in relation to the Firm.

In furtherance of the foregoing, in order to ensure that expenses are determined, allocated and billed correctly and consistently with its Expense Allocation Policy, within a reasonable period following the end of each calendar semi-annual period ending June 30 and December 31, the Firm shall identify all of the expenses associated with Firm's research activities ("Research Expenses") and the accounting, legal, administration, risk management and other operating expenses, including expenses of consultants, advisors, insurance and offering expenses (collectively with Research Expenses, "Administrative Expenses") associated with the operations of a Private Fund and the separately managed accounts. All such Administrative Expenses are reviewed to determine which are Permissible Expenses (including any Research Expense) incurred for the benefit of multiple Private Funds and separately managed accounts and not allocable solely to an individual Firm client. This determination shall be made in consideration of multiple criteria including, among other things, applicable provisions of such Private Fund's and/or separately managed account's Governing Documents, how the services or products are actually used and market best practices (including guidance interpreting Section 28(e) of the Securities Exchange Act of 1934, as amended). In connection therewith, if deemed appropriate under the circumstances and consistent with the other provisions of the Expense Allocation Policy, the Research Expenses and/or other Administrative Expenses will be allocated among the Firm's Private Fund and separately managed account clients pro rata, based on either (i) the trading statistics traded by each Private Fund and separately managed account client in relation to all trading in every strategy of the Firm's Private Funds and separately managed accounts that benefited from such Research Expenses and/or other Administrative Expenses, as applicable, or (ii) the assets under management in each Private Fund and separately managed account, or (iii) another methodology which is deemed fair and appropriate for the expense allocation. For purposes of these calculations, the trading statistics method of allocation is based on the trading volume, measured in notional dollars, of each client. Generally, each Private Fund directly bears the Research Expenses and/or other Administrative Expenses allocated to such Private Fund, while the Research Expenses and/or other Administrative Expenses allocated to the separately managed accounts clients are borne by the Firm.

Because certain of the Research Expenses and/or other Administrative Expenses are either allocable to, or payable by, the Firm as described above, the Firm faces certain potential conflicts of interest in determining both (i) the portion (if any) of these expenses that is allocable to, and payable by, the Firm and (ii) the portion of expenses that is allocable to the separately managed accounts, and payable by the Firm, versus the portion that is allocable to, and payable by, the Private Funds. The Firm may also be subject to potential conflicts of interest in allocating expenses among more than one Private Fund depending on, among other factors, the nature of each Private Fund's investors and the fees payable to the Firm by such investors. Finally, the manner in which SEG allocates Research Expenses creates the effect where certain clients and/or investment strategies bear the cost of certain expenses for which they may not derive direct benefits. The Firm has in place policies and procedures that it believes are reasonably designed to mitigate these potential conflicts of interest.



Item 6      Performance-Based Fees and Side-By-Side Management

As discussed above in Item 5, we charge management fees and/or performance-based compensation for certain individual clients and the Private Funds. You should be aware that performance-based compensation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such arrangement. Additionally, other conflicts of interest may arise, including that we have an incentive to favor accounts or Private Funds or classes of Interests or Shares in Private Funds that are subject to performance-based compensation. Furthermore, not all classes of Interests or Shares within the same Private Fund are subject to the same performance-based compensation arrangements. Classes of Interests or Shares that are subject to a higher performance-based compensation rate may create an additional incentive for us to take greater risks for the Private Fund as a whole than otherwise would be the case with a Private Fund offering only a single class of Interests or Shares subject to a lower performance-based compensation rate. It is our policy, to the extent practicable, to allocate investment opportunities among our clients, over a period of time, on a fair and equitable basis. We have adopted a Trade Allocation Policy that we believe will realize that objective and mitigate the conflicts discussed above. Additionally, purchases or sales of investments for a particular Private Fund are generally made without regard to class of Interests or Shares unless subject to regulatory or contractual investment limitations. The Firm has adopted policies and procedures that require its employees or certain third-party intermediaries to perform a suitability analysis of each prospective client's investment objectives, financial circumstances and sophistication, before recommending a sponsored investment strategy.

Item 7      Types of Clients

The clients of the Firm include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, other business organizations, state and municipal government entities, sovereign wealth funds and private funds, including offshore pooled or single investor investment funds that are not publicly offered in the United States. In addition, the Firm provides sub-advisory services to certain UCITS sub-funds, COLs sub-funds and 1940 Act Funds. Generally, there is a \$250,000 minimum for separately managed accounts in our U.S. Long-Only Strategy and between \$100,000 and \$5,000,000 minimum for investments in our Private Funds (though we reserve the discretion to accept lesser amounts). Managed accounts in strategies other than the U.S. Long-Only Strategy may have higher minimums as determined by the Firm in its sole discretion.

We use fundamental analysis to select investments for our clients' portfolios. Please note that investing in securities involves risk of loss that you should be prepared to bear.

We employ eleven principal investment strategies. Assets under management are predominantly (typically over 85%) equities, though this may vary from strategy to strategy. Our investment strategies are generally driven by a research-intensive, fundamental bottom-up process and draw upon a centralized research department that reviews and analyzes quantitative, qualitative and certain alternative data. Certain strategies may not be available to new clients or new investors in Private Funds from time to time. The following is brief description of each strategy:

**U.S. Long-Only:** Our U.S. Long-Only strategy invests primarily in U.S.-based small and mid cap companies, defined as those companies whose market capitalizations fall within the range of market capitalizations represented in the Russell Midcap® Index (in each case as measured at the time of the strategy's initial purchase). The U.S. Long-Only strategy generally has 25-40 long positions which are typically held for a multi-year time frame.

**U.S. Core Strategy:** This is a long-only equity portfolio which can invest globally across the market capitalization spectrum, but has primarily invested in the U.S. As with our other strategies, this investment strategy is driven by a research intensive, fundamental bottom-up selection of individual equities (typically between 40-60 positions) generally with a multi-year investment horizon.

**Concentrated Opportunistic Long-Only Strategy:** This is a long-only, concentrated global equity strategy focused on identifying high-quality businesses. The strategy has historically held approximately 10-20 positions.

**U.S. Long/Short Strategy:** This is a long-biased long/short portfolio without geographic or market capitalization restrictions and which primarily invests in equities (typically between 50-80 long positions and 65-95 short positions); the strategy's investment team employs a fundamental research process to identify what we believe to be high-quality businesses on the long side and companies with deteriorating fundamentals on the short side.

**International Long/Short Strategy:** This is a long-biased long/short portfolio which primarily invests in international equities.

**International Long-Only Strategy:** This is a long-only portfolio which primarily invests in international equities across the market capitalization spectrum (generally between 30-60 positions).

**Private Equity Strategy:** This is a private equity strategy that pursues North American buyout investments in lower middle market private companies (for example, businesses with sub \$250 million enterprise values).

**International Long-Only Large Cap Strategy:** This is a long-only portfolio which primarily invests in international equities of companies with market capitalizations in excess of \$12.5 billion at the time of the strategy's initial investment (generally between 30-60 positions).

**Global Long-Only Large Cap Strategy:** This is a long-only, global portfolio which primarily invests in equities of companies with market capitalizations in excess of \$12.5 billion at the time of the strategy's initial investment (generally between 30-60 positions).

**U.S. Small Cap Strategy:** This is a long-only US small cap equity strategy that invests primarily in companies with market capitalizations of less than \$2.5 billion at time of the strategy's initial investment (generally between 35-65 positions).

**Mobility-Focused Long/Short Strategy:** This is a long/short equity strategy that invests in companies that the Firm expects will be directly or indirectly affected by the research, development and application of next generation wireless technologies as they emerge.

We obtain exposure to particular issuers or securities for our Private Funds (and may for our individual clients) through various types of derivatives transactions, including, without limitation, swaps and contracts for differences.

Additionally, we may hedge exposure to currency fluctuations for foreign securities owned by the Private Funds by entering into currency forward or option transactions. Risks with respect to such transactions are more fully described under “Material Risks”.

We currently advise other customized strategies with different or negotiated fee schedules and other terms, including managed accounts, Sub-Advisory Clients and/or Private Funds that may be similar in strategy to our eleven principal strategies above.

To the extent we believe it is appropriate for a particular investment strategy, we may purchase, on behalf of the Private Funds and separately managed accounts in such investment strategy, certain securities that are considered “new issues” under Rule 5130 of the Financial Industry Regulatory Authority, Inc. (“FINRA”). “New issues” are equity securities sold in an initial public offering (“New Issues”). Under Rule 5130 FINRA member broker-dealers are prohibited from selling New Issues to accounts where the beneficial owners include certain types of investors, including affiliates of broker-dealers. If any client or investor is prohibited from investing in any security by virtue of Rule 5130 (a “Restricted Person”) and the Firm, on behalf of a Private Fund, chooses to invest in that security, the Restricted Person may not share in the profits or losses resulting from the Private Fund’s investment in such securities. Specifically, any New Issue profits or losses of the Private Fund will be allocated to a segregated account in which the Restricted Person will not have an interest. Notwithstanding the foregoing, the Firm or the Private Fund’s general partner (as applicable), in its sole and absolute discretion, may allocate a de minimis portion (no more than 10%) of the returns associated with New Issues to the Restricted Persons, as permitted by Rule 5130.

In addition, FINRA Rule 5131 prohibits FINRA member broker-dealer firms from selling a New Issue to an account which is more than 25% beneficially owned by executive officers or directors of any single public company (or any single non-public company meeting certain size criteria) that the FINRA member firms have or may in the future have certain relationships with, or by persons materially supported by such persons (“Covered Persons”). Because the Firm may wish to purchase New Issues from many different FINRA members that may have such relationships with companies that Covered Persons are affiliated with, any New Issue profits or losses of a Private Fund which is more than 25% collectively owned by Covered Persons of any single public company (or any single non-public company meeting certain size criteria) will be allocated to a segregated account in which Covered Persons will not have an interest.

We have provided, and may continue to provide, investment advice with respect to entities organized as publicly traded limited partnerships.

This brochure and the material contained herein are not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale of any of the Private Funds described.

### Material Risks

There are a number of risks associated with an investment in our investment products. The following is a non-exhaustive list of some of the risks that a client should consider carefully before investing in any of our investment products. Clients should also review the offering materials, and other literature concerning the Firm or the Private Funds which have additional discussion or detail concerning applicable risks including, but not limited to, those summarized herein. The first section discusses certain risks generally applicable to all our strategies. The subsequent sections discuss specific investment risks of investing in our Private Funds and for individual client accounts that may be managed using a strategy similar to that used by a Private Fund.

### General Risks Associated with All Our Investment Products

*Past Performance.* There can be no assurance that a strategy will achieve its investment objectives. The past investment performance of a strategy is not necessarily indicative of the future results of such strategy or of an investment in any Private Fund. Our investment program should be evaluated on the basis that there can be no assurance that our assessments of the short-term or long-term prospects of investments will prove accurate.

*Overall Investment Risk.* All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by a client and the investment techniques and strategies to be employed by the Firm may increase such risk. The identification of investment opportunities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While the Firm will devote its best efforts to the management of a client's portfolio, there can be no assurance that a client will not incur losses. Returns generated from a client's investments may not adequately compensate the client (or investor in a Private Fund) for the business and financial risks assumed. A client should be aware that it may lose all or part of its investment in an account or Private Fund. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect a Private Fund's portfolio and performance.

*Competition.* The varied investment strategies and techniques engaged in by the Firm are not unique and involve a degree of risk. The Private Fund will compete with many firms, including firms which have substantially greater financial resources and research staffs.

*Market Volatility.* The profitability of the Private Fund depends upon the Firm correctly assessing the future price movements of stocks. There can be no assurance that the Firm will be successful in accurately predicting such price movements.

*Speculative Investment Program and No Current Income.* A Private Fund's investment program should be considered speculative, as there can be no assurance that our assessments of the short-term or long-term prospects of various investment strategies or investments will generate a profit. In view of the fact that a Private Fund likely will not make distributions, an investment in a Private Fund is not suitable for investors seeking current income.

#### Additional Business and Investment Risks of Private Funds and Individual Client Accounts Managed to Private Fund Strategies

An investment in a Private Fund and/or an individual account managed pursuant to or in a manner similar to a Private Fund strategy followed by the Firm involves a high degree of risk. Accordingly, an investment in such products is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment and who can bear the economic risk, including the possible complete loss of their investment. Depending on the investment strategy of each Private Fund, the investment risks associated with such strategy may include some or all of the following risk factors. Additionally, individual clients managed to a Private Fund strategy will have similar investment risks associated with such strategy. When reading the following risks any reference to "Private Fund" should be interpreted as applying to individual clients whose accounts employ an investment strategy substantially similar to a Private Fund strategy. We urge all prospective investors to discuss the risks described in a Private Fund's offering materials and other potential risks in detail with their professional advisors prior to making an investment decision.

*Investment Concentration.* A Private Fund may have a high concentration of its assets in a single investment or the securities of a limited number of issuers. Such lack of diversification could magnify potential losses (or gains) because the Private Fund would be more exposed to the risks associated with, and developments affecting, an individual or small group of issuers than a fund that invests more broadly. Accordingly, the investment portfolio of a Private Fund may be subject to more rapid change in value than would be the case if a Private Fund were subject to more stringent requirements with respect to diversification among companies, securities and types of securities, as well as other types of investments. Clients that employ the Concentrated Opportunistic Long-Only Strategy, Mobility-Focused Long/Short Strategy or Private Equity Strategy should give particular consideration to this risk.

*Investment in Small Companies.* There is no limitation on the size or operating experience of the companies in which a Private Fund or an account may invest. Some small companies in which a Private Fund or an account may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their

industries, may face intense competition from larger companies and typically entail a greater risk than investment in larger companies. Clients that employ the U.S. Long-Only Strategy, Private Equity Strategy, Mobility-Focused Long/Short Strategy, or U.S. Small Cap Strategy should give particular consideration to this risk.

*Leverage.* A Private Fund at times may trade securities on a leveraged basis, *i.e.*, where the security can be purchased by putting up only a portion of the instrument's value and borrowing the remainder. As a result, a relatively small downward price movement in a security may result in immediate and substantial losses to a Private Fund. The Private Fund may be required to liquidate portfolio positions at disadvantageous times to satisfy its obligations in leveraged transactions. In addition, trading on margin will result in interest charges to a Private Fund which may be substantial. Leveraged investments, including any purchase or sale of securities on margin, may result in losses in excess of the amount invested. Clients that employ the U.S. Long/Short Strategy should give particular consideration to this risk.

*Short Selling.* A Private Fund may engage in short selling. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of the stock may appreciate before the short position is closed. A short sale may result in a sudden and substantial loss if, for example, an acquisition proposal is made for the subject company at a substantial premium over market price. Clients that employ the U.S. Long/Short Strategy, International Long/Short Strategy or Mobility-Focused Long/Short Strategy should give particular consideration to this risk.

*Reverse Repurchase Agreements.* A Private Fund may enter into reverse repurchase agreements with brokers, dealers, domestic and foreign banks or other financial institutions that have been determined by the Firms to be creditworthy. In a reverse repurchase agreement, a Private Fund sells a security and agrees to repurchase it at a mutually agreed upon date and price, reflecting the interest rate effective for the term of the agreement. It may also be viewed as the borrowing of money by a Private Fund. A Private Fund's investment of the proceeds of a reverse repurchase agreement is the speculative factor known as leverage. Reverse repurchase agreements involve the risk that the market value of the investment of the proceeds may decline below the price of the securities a Private Fund has sold but is obligated to repurchase under the agreement. In the event that the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, a Private Fund's use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver whether to enforce a Private Fund's obligation to repurchase the securities.

*Illiquid Securities.* A portion of the Private Fund's assets may from time to time be invested in securities and other financial instruments or obligations for which little or no market exists and/or which are restricted as to their transferability under federal or state securities laws. Securities may become illiquid after purchase by the Private Fund, particularly during stressed market conditions. Because of the absence of any trading market for these investments, the Private Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Private Fund. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. Because illiquid investments may be difficult to value, the Private Fund's net asset value may fluctuate widely from one period to the next.

*Fixed Income Securities.* The market values of fixed income securities tend to vary inversely with the level of interest rates when interest rates rise, their values will tend to decline; when interest rates decline, their values generally will tend to rise. Long-term instruments are generally more sensitive to these changes than short-term instruments. Certain fixed income securities will be paid off by the obligor more slowly than anticipated when interest rates rise, causing the value of these securities to fall. Conversely, when interest rates fall, certain fixed income securities will be paid off by the obligor more quickly, and the Private Fund may have to invest the proceeds in securities with lower yields. The market value of fixed income securities and therefore their yield is also affected by the perceived ability of the issuer to make timely payments of principal and interest.

*Foreign Securities.* A Private Fund may invest in securities of companies domiciled or operating in one or more non-U.S. countries. Investing in non-U.S. securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including

instability of some governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of local tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in non-U.S. securities. Relatively higher expenses may also result from investment in non-U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and brokerage commissions that may be higher than in the United States. The Private Fund may hold its foreign securities and cash in foreign banks and securities depositories, which may be subject to limited or no governmental oversight. For these reasons, buying, selling and holding securities is often more expensive in foreign markets than in the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Such investments could be affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations. Clients that employ the International Long/Short Strategy, the International Long-Only Strategy, Concentrated Opportunistic Long-Only Strategy, the Global Long-Only Large Cap Strategy or the International Long-Only Large Cap Strategy should give particular consideration to this risk.

*Emerging Markets.* A Private Fund may invest in markets worldwide, including emerging markets. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may be subject to the following risks: less publicly available information; more volatile markets; less liquidity or available credit; political or economic instability; less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; a greater likelihood of severe inflation; unstable currency; and war and expropriation of personal property.

Emerging markets generally are not as efficient as those in developed countries. Emerging markets tend to develop unevenly and may never fully develop. In some cases, a market for the security may not exist locally and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risk. In addition, a Private Fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities or restrictions on the ability to convert currency or to take currencies out of certain countries. Clients that employ the International Long/Short Strategy, International Long-Only Strategy, Concentrated Opportunistic Long-Only Strategy, Global Long-Only Large Cap Strategy or International Long-Only Large Cap Strategy should give particular consideration to this risk.

*Currency Exposure.* A portion of a Private Fund's assets may be invested in investments denominated in various currencies and in other financial instruments the prices of which are determined with reference to such currencies. A Private Fund will, however, value its investments and other assets in U.S. Dollars. Accordingly, the value of such investments and assets may be affected favorably or unfavorably by fluctuations in exchange rates. A Private Fund may seek to hedge its foreign currency exposure but will necessarily be subject to foreign exchange risks. To the extent unhedged, the value of a Private Fund's net asset value will fluctuate with the U.S. Dollar exchange rate as well as with price changes of a Private Fund's investments in the various local markets and currencies. Forward foreign exchange contracts and options may be utilized to hedge against currency fluctuations. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when a Private Fund wishes to use them or will be able to be liquidated when a Private Fund wishes to do so. Moreover, in most emerging market countries the markets for certain of these hedging instruments are not highly developed and in many emerging market countries no such markets currently exist. In addition, a Private Fund may choose not to enter into hedging transactions with respect to some or all of its positions. Currency exchange costs will be incurred when a Private Fund changes investments from one country to another. The

Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Reform Act”) regulates forward foreign exchange contracts and therefore contemplates that certain of these contracts may be exchange-traded, cleared by a clearinghouse and regulated by the United States Commodity Futures Trading Commission (“CFTC”) as further discussed below. A limited category of forward foreign exchange contracts, however, were excluded from certain regulations under the Reform Act, as permitted thereunder, by the U.S. Secretary of the Treasury and therefore that class of forward foreign exchange contracts will not be subject to full regulation by the CFTC. Thus, the Private Funds may not receive any benefit of CFTC regulation for certain of its trading activities in forward foreign exchange contracts. See “*Government Regulation Relating to Swaps and Other OTC Derivatives*” below for more information. Clients that employ the International Long/Short Strategy, International Long-Only Strategy, Concentrated Opportunistic Long-Only Strategy, Global Long-Only Large Cap Strategy or International Long-Only Large Cap Strategy should give particular consideration to this risk.

*Emerging Technologies Investment Risk.* A Private Fund may invest in companies that the Firm expects will be directly or indirectly affected by the research, development and application of next generation wireless technologies as they emerge (such affected companies, “Mobility Investments”) to gain exposure to emerging technologies. All of the risks associated with such technologies may not fully emerge until the technologies are more widely used. The regulatory environment surrounding new technologies is often unclear. There is often uncertainty regarding the application of existing regulation (which may lead to increased compliance costs and/or reputational or economic costs related to regulatory violations) and there can be no guarantee that new regulations or legal developments will not be enacted that inhibit a technology’s widespread adoption or prevent a company from realizing all of its potential benefits. Further, the extent of such technologies’ versatility has not yet been fully explored. Technologies perceived to displace older technologies or create new markets may not in fact do so. Companies that initially develop or adopt a novel technology may not be able to capitalize on it and there is no assurance that a company will derive any significant revenue from it in the future. Companies that develop emerging technologies may face political or legal attacks from competitors, industry groups or local and national governments. The value assigned by or to any one particular company developing an emerging technology may be overstated. Currently, there are few public companies for which these emerging technologies represent an attributable and significant revenue or profit stream. An emerging technology may constitute a small portion of a company’s overall business and the success of a technology may not significantly affect the value of the equity securities issued by the company. Finally, rare earths, the majority of which are currently mined outside of the U.S., are needed to develop various parts of 5G technologies and applications. Trade tensions between the U.S. and other countries who produce rare earths, such as China, may impact the success and/or scalability of certain Mobility Investments. Clients that employ the Mobility-Focused Long/Short Strategy should give particular consideration to this risk.

*Information Technology Companies Risk.* A Private Fund may invest in companies in the information technology sector, including those in the semiconductor industry, and therefore the performance of the Private Fund could be negatively impacted by events affecting these companies. Market or economic factors impacting information technology companies and companies that rely heavily on technological advances could have a significant effect on the value of the Private Fund’s investments. The value of stocks of information technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technologies, short product life cycles, rapid product obsolescence, frequent new product introductions, government regulation (including, but not limited to, additional regulatory requirements and oversight related to privacy concerns and cybersecurity risks), the loss of patent, copyright and trademark protections, evolving industry standards, cyclical market patterns, aggressive pricing and reduced profit margins, and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Stocks of information technology companies and companies that rely heavily on technology, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall market. Information technology companies are heavily dependent on patent and intellectual property rights, the loss or impairment of which may adversely affect profitability. Information technology companies and companies that rely heavily on technology may also be prone to operational and information security risks resulting from cyber-attacks and/or technological malfunctions. Clients that employ the Mobility-Focused Long/Short Strategy should give particular consideration to this risk.



*Communications Services Companies Risk.* A Private Fund may invest in companies in the communications services sector. Communications services companies are subject to extensive government regulation. The costs of complying with governmental regulations, delays or failure to receive required regulatory approvals, or the enactment of new adverse regulatory requirements may adversely affect the business of such companies. Companies in the communications services sector can also be significantly affected by subsequent legislative or regulatory changes (including, but not limited to, additional regulatory requirements and oversight related to privacy concerns and cybersecurity risks), rapid advancements in technology, intense competition domestically and international (including competition with alternative technologies such as wireless communications, 5G and other technologies), product compatibility, consumer preferences, rapid product obsolescence, intellectual property use and research and development of new products. Technological innovations may make the products and services of such companies obsolete. Fluctuating domestic and international demand, shifting demographics and often unpredictable changes in consumer tastes can drastically affect a communication services company's profitability. While all companies may be susceptible to network security breaches, certain communication services companies may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses. Clients that employ the Mobility-Focused Long/Short Strategy should give particular consideration to this risk.

*Illiquidity of Markets.* At various times, the markets for securities purchased or sold by a Private Fund, although organized and active, may nevertheless be "thin" or illiquid, making the purchase or sale of securities at desired prices or in desired quantities difficult or impossible.

*Derivatives.* A Private Fund may purchase derivatives or enter into derivative transactions ("Derivatives"). Derivatives are financial instruments which derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular Derivative and the portfolio as a whole. Derivatives permit a Private Fund to increase or decrease the level of risk, or change the character of the risk, to which its portfolio is exposed in much the same way as a Private Fund can increase or decrease the level of risk, or change the character of the risk, of its portfolio by making investments in specific securities. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in Derivatives could have a large potential impact on a Private Fund's performance. If a Private Fund invests in Derivatives at inopportune times or the Firm judges market conditions incorrectly, such investments may lower a Private Fund's return or result in a loss. A Private Fund also could experience losses if its Derivatives were poorly correlated with its other investments, or if a Private Fund were unable to liquidate its position because of an illiquid secondary market. The market for many Derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives. The Reform Act regulates forward foreign exchange contracts and therefore contemplates that certain of these contracts may be exchange-traded, cleared by a clearinghouse and regulated by the CFTC as further discussed below. A limited category of forward foreign exchange contracts, however, were excluded from certain regulations under the Reform Act, as permitted thereunder, by the U.S. Secretary of the Treasury and therefore that class of forward foreign exchange contracts will not be subject to full regulation by the CFTC. Thus, the Private Funds may not receive any benefit of CFTC regulation for certain of their trading activities in forward foreign exchange contracts. See "*Government Regulation Relating to Swaps and Other OTC Derivatives*" below for more information.

*Swaps.* Certain of the Private Funds reserve the right to utilize swaps. A swap is a contract under which two parties agree to make periodic payments to each other on the basis of the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or "notional" amount. Engaging in swaps entails certain risks. A Private Fund will be subject to the risk of counterparty default on its swaps. Since swaps do not generally involve the delivery of underlying assets or principal, any loss would likely be limited to the net amount of payments required by the contract. However, in some swap transactions, the counterparty may require a Private Fund to deposit collateral to support its obligation under the swap agreement. If the counterparty to the swap defaults, a Private Fund would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral deposits made with the counterparty. Swaps expose a Private Fund to the credit risk of the counterparties with which it deals, which exposure and risk at times may be substantial. Non-performance by counterparties of the obligations or contracts underlying the swaps could expose a Private Fund to

losses, whether or not the transaction itself was profitable. Such “counterparty risk” is present in all swaps and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Private Fund has concentrated its transactions with a single or small group of counterparties. Swaps may expose a Private Fund to additional liquidity risks as there may not be a liquid market within which to close or dispose of outstanding obligations or contracts.

Under the Reform Act, certain swaps and other over-the-counter (“OTC”) derivatives, as discussed further below, that were previously executed on a bilateral basis are now required to be traded on a regulated swap exchange or execution facility. It is expected that the CFTC and the SEC will require the execution on a regulated market of additional OTC derivatives transactions in the future. Such requirements may make it more difficult and costly for a Private Fund to enter into highly tailored or customized transactions. They may also render certain strategies in which a Private Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. Swaps and other transactions in OTC derivatives that are not required to be executed on a regulated market may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. See also “*Government Regulation Relating to Swaps and Other OTC Derivatives*” below.

*CFDs.* A Private Fund may enter into contracts for differences (previously defined as “CFDs”). In CFD transactions, each party assumes price positions in reference to an underlying security or other financial instrument. The “difference” is determined by comparing each party’s original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its investment. CFDs are subject to certain risks. Financial markets for the securities or instruments which form the subject of a CFD can fluctuate significantly. Parties to a CFD assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. Parties to a CFD may require a deposit of 10% to 20% of the contract value as security. CFDs often involve considerable economic leverage due to the modest upfront investment relative to the overall contract value. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment. In addition, because CFDs involve contracting with a counterparty, a Private Fund will be subject to the risk that the counterparty will be unable to, or will refuse to, perform with respect to the underlying contract. See also “*Government Regulation Relating to Swaps and Other OTC Derivatives*” herein.

*Options; Hedging* A Private Fund may employ techniques whereby investments will be made in an effort to offset exposure to a particular source of risk (hedging) or to enhance returns. The various techniques may include, but are not limited to, the purchase and sale of stock options and options on stock market indices or market segments and writing stock options against existing holdings. To the extent that a Private Fund invests in foreign securities, it may elect to hedge fluctuations in currency exchange rates. Hedging is a means of offsetting, or neutralizing, the price movement of an investment by making another investment, the price of which should tend to move in the opposite direction from the original investment. While hedging may reduce or eliminate losses, it can also reduce or eliminate gains. The imperfect correlation in price movement between a security and an investment purchased as a hedge for that security may limit the effectiveness of the hedging strategy. If an option purchased by a Private Fund were permitted to expire without being sold or exercised, its premium would be lost by a Private Fund. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold to a Private Fund at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold by a Private Fund at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks.

*Counterparty Creditworthiness.* A Private Fund may engage in securities and financial instruments that involve counterparties. Under certain conditions, a counterparty to a transaction could default or the market for certain securities or financial instruments may become illiquid. In any case, the Private Fund could experience liquidity problems.

*Securities Lending.* Consistent with its investment objective and policies, a Private Fund may lend its portfolio securities in order to realize additional income. It is anticipated that any such loan will be continuously secured by collateral at least equal in value to the value of the securities loaned. The risk of loss on such transactions is mitigated because, if a borrower were to default, the collateral should satisfy the obligation. However, as with other extensions of secured credit, loans of portfolio securities involve some risk of loss of rights in the collateral should the borrower fail financially. There is also a risk of loss of value if the collateral is invested.

*Systemic Risk.* World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Private Fund's losing substantial value caused predominantly by liquidity and counterparty issues (as noted above) which could result in a Private Fund incurring substantial losses.

*Trading Limitations.* For all exchange-traded securities, including options, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject a Private Fund to loss.

*Turnover.* A Private Fund's capital may be invested on the basis of short term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions and fees. These commissions and fees will, of course, reduce a Private Fund's net profits or increase a Private Fund's net loss. High portfolio turnover may result in more frequent realization events for the Private Fund and higher capital gains or losses attributable to its investors.

*Risk Relating to Prime Brokers, Brokers, Custodians and Counterparty Insolvencies.* A Private Fund is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors of a prime broker, broker and custodian providing prime brokerage, brokerage or custodian services to a Private Fund and other counterparties that may have possession of assets of a Private Fund. These risks will vary based on the relevant jurisdiction and legal regime governing the prime broker, broker, custodian or relevant counterparty (each, a "custodian entity") and the specific contractual terms negotiated with each such custodian entity and may include, without limitation: the loss of all cash held with the relevant custodian entity which is not being treated as client money subject to the applicable customer protection laws or otherwise segregated or protected by the rules of the applicable jurisdiction; the loss of all cash which the relevant custodian entity has failed to treat as client money in accordance with applicable procedures; the loss of all securities in respect of which the relevant custodian entity has exercised its contractual rights to borrow, lend, take legal and beneficial ownership of or otherwise use for its own purposes whether exercised in compliance with or in breach of any agreed limits on such rights of use or applicable regulatory restrictions; the loss of some or all of any securities held on trust or client money held by or with the relevant custodian entity in connection with a reduction to pay for administrative costs of the insolvency of the custodian entity and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the custodian entity's insolvency; losses of some or all assets due to the incorrect operation of the brokerage, custody or other accounts by the relevant custodian entity; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. In addition, where securities are held with a sub-custodian of a custodian entity or are held in the name of a sub-custodian, such securities may not be as well protected as they would be if they were held directly by the custodian entity.

An insolvency of a custodian entity or sub-custodian could cause severe disruption to the trading of a Private Fund. In some circumstances, this could cause a Private Fund to declare a suspension of net asset value calculations and/or suspend or limit withdrawals. While the Firm monitors its counterparties and seeks to manage such insolvency risks, no assurance can be given that the risks and adverse events described above will not occur.

*Off-Balance Sheet Risk.* In the normal course of business, a Private Fund may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to an accounting and economic loss in excess of the investor's recognized asset carrying value in such financial instrument, if any; or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor's statement of assets and liabilities.

*Market Risks and Lack of Liquidity.* The success of a Private Fund's investment program depends to a great extent upon our ability to assess correctly the future course of price movements of the securities and other instruments in which a Private Fund invests. There can be no assurance that we will accurately predict such movements. In addition, certain of the investments in which a portion of a Private Fund's capital may be invested, from time to time, may have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect our ability to execute trade orders at desired prices. Moreover, because illiquid investments may be difficult to value, a Private Fund's net asset value may fluctuate widely from one period to the next, and may not correspond to the proceeds ultimately received by a Private Fund upon the disposition of such investments.

*Portfolio Company Leverage.* The Private Funds employing the Private Equity Strategy may make investments, either through leveraged buyouts or otherwise, in portfolio companies that have a leveraged capital structure. To the extent that any investment is made in a company with a leveraged capital structure, such investment may be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to timely meet principal and interest payments on its indebtedness, the value of such Private Fund's investment in such portfolio company could be significantly reduced or even eliminated. Additionally, lenders would typically have a claim that has priority over any claim by a Private Fund employing the Private Equity Strategy to such assets in an insolvency event or proceeding.

*Risks in Effecting Operating Improvements.* In some cases, the success of the Private Equity Strategy's will depend, in part, on the ability of the relevant Private Fund or the management of a portfolio company to restructure and implement improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Firm will be able to successfully identify and implement such restructuring programs and improvements.

*Control Positions and Non-Controlling Interests.* The Private Funds employing the Private Equity Strategy may assume control positions in certain of the portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. Such Private Funds may make minority or other equity investments in portfolio companies where there is the possibility that the portfolio companies may be controlled by persons who have economic or business interests or goals that are inconsistent with those of such Private Fund's or may be in a position to take action contrary to those of the Private Fund's business interests. Where a Private Fund employing the Private Equity Strategy holds a non-controlling interest in a portfolio company, it may have a limited ability to limit or otherwise protect its position in such company.

*Third Party Investments.* The Private Funds employing the Private Equity Strategy may co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Private Fund, or may be in a position to take action contrary to the Private Fund's business interests.

*Insufficient Capital for Follow-On Investments.* Following its initial investment in a portfolio company, a Private Fund employing the Private Equity Strategy may have the opportunity to increase its investment in successful operations or may be asked to provide additional funds to such portfolio company. There is no assurance that the Private Fund will make follow-on investments or that it will have sufficient resources to, or be permitted to, make such investments. Any decision not to make follow-on investments, or a Private Fund's inability to make them, may have a substantial negative impact on a portfolio company in need of such an investment, may result in missed opportunities for the Private Fund, or may result in dilution of the Private Fund's investment.

*General Economic Conditions.* The success of a Private Fund's investment activity will be affected by general economic conditions which affect the level and volatility of prices as well as the liquidity of the markets. The prices of many securities and derivative instruments are highly volatile. The price movements of the instruments which a Private Fund holds or will acquire or sell short will be influenced by, among other things,

interest rates, changing supply and demand relationships, the trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events. Governments from time to time intervene, directly and by regulation, in certain markets, thereby disrupting strategies focusing on these sectors. Unexpected changes (in either direction) in the volatility or liquidity of the markets in which a Private Fund will hold positions could cause significant losses.

*Government Regulation Relating to Swaps and Other OTC Derivatives.* The Reform Act was enacted in July 2010. The Reform Act requires extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Additionally, under the Reform Act, the SEC has mandated (and will mandate) new recordkeeping and reporting requirements for investment advisers, which are expected to add costs to the legal, operational and compliance obligations of the Firm and possibly the Private Funds and increase the amount of time that the Firm spends on non-investment related activities. Until the SEC and other agencies have completed implementation of the new requirements, it is unknown how burdensome such requirements will be. The Reform Act affects a broad range of market participants with whom Private Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker dealers, and may change the way in which the Firm conducts business with its counterparties. It may take years to understand the impact of the Reform Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile and make it difficult for the Firm to execute the investment strategies of the Private Funds. Further, events such as the convictions of a number of private fund managers for “insider trading,” the sovereign debt crisis in Europe, etc., may result in additional statutory and regulatory restrictions being imposed on the markets. The Reform Act may also increase the risk of U.S. regulatory investigations or legal proceedings involving the Firm and/or the Private Funds.

In an attempt to reduce systemic and counterparty risks associated with OTC derivatives transactions, the Reform Act requires that a substantial portion of OTC derivatives (such as the derivatives, swaps, CFDs and currency hedges described above) must be executed in regulated markets and submitted for clearing to regulated clearinghouses. The CFTC has mandated that certain OTC derivatives must be cleared and will impose that mandate on additional OTC derivatives in the future. The SEC has not yet imposed a clearing mandate on any OTC derivatives that it regulates. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements set by the prudential regulators, the CFTC and/or the SEC. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, the Private Funds do not expect to be able to rely on such exemptions. In addition, the OTC derivative dealers with which the Private Funds execute the majority of their OTC derivatives will not be able to rely on the end-user exemptions under the Reform Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether the Private Funds are subject to such requirements. OTC derivative dealers also will be required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations. This will further increase the dealers’ costs, which costs are expected to be passed through to other market participants in the form of higher fees and less favorable dealer marks. In addition, a Private Fund may also be required to post higher margin amounts to certain of the dealers with which it trades and that will increase the costs of the Private Fund and reduce the amount of available capital with which to implement its investment strategy.

With respect to cleared OTC derivatives, the Private Funds will not face a clearinghouse directly but rather through an OTC derivatives dealer that is registered with the CFTC or SEC to act as a clearing member. The Private Funds may face the indirect risk of the failure of another clearing member customer to meet its obligations to its clearing member. Such scenario could arise due to a default by the clearing member on its obligations to the clearinghouse, triggered by a customer’s failure to meet its obligations to the clearing member.

The SEC and the CFTC may also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Certain CFTC-regulated OTC derivatives are already subject to these rules and the CFTC expects to subject additional OTC derivatives to such trade execution rules in the future. The SEC has not indicated when they will impose clearing or trade execution requirements on the OTC derivatives that they regulate. Such requirements may make it more difficult and costly for investment funds, including the Private

Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Private Funds might otherwise engage impossible or so costly that they will no longer be economical to implement.

OTC derivative dealers and major OTC derivatives market participants are required to register with the SEC and/or the CFTC and maintain adequate capital reserves. Based on the current levels of uncollateralized exposure to their swap dealers, it is not anticipated that the Private Funds and/or the Firm will be required to register as major participants in the OTC derivatives markets. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens (some of which are already in effect). These requirements may increase the overall costs for OTC derivative dealers, which are likely to be passed along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. The overall impact of the Reform Act on the Private Funds is highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime.

The Private Funds may trade in forward contracts on foreign currencies. In this connection, the Private Funds contract with or through their banks or brokers to make or take future delivery of a particular foreign currency. Although the foreign currency market is not believed to be necessarily more volatile than the market in other commodities, there is less protection against defaults in the forward trading of currencies since such forward contracts are currently not guaranteed by an exchange or clearing house. The Reform Act includes in the definition of “swap” foreign exchange forwards and therefore contemplates that certain of these contracts may be exchange-traded, cleared by a clearinghouse and otherwise regulated by the CFTC. The CFTC has been granted authority to regulate forward foreign currencies and many of the final regulations already adopted by the CFTC will apply to such contracts. A limited category of forward foreign currency contracts, however, were excluded from certain of the Reform Act regulations by the U.S. Secretary of the Treasury. Therefore, with respect to trading in forward foreign currency contracts excluded by the U.S. Secretary of the Treasury, the Private Funds are not afforded the protections provided by CFTC regulation, including segregation of funds. Similarly, if the Private Funds trade in metals, they may contract as principal to make or take delivery of the metals. Such transactions are not currently regulated by the CFTC, and any protections provided under CFTC regulations do not apply to them. In any principal contract the Private Funds must rely on the creditworthiness of its counterparties.

In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Private Funds could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of a Private Fund’s ability to pursue its investment approach.

Changes in U.S. federal, state or foreign tax, securities or bankruptcy laws, or in accounting standards may make corporate restructurings or other transactions less desirable or make risk arbitrage less profitable. Amendments to the U.S. bankruptcy code, non-U.S. bankruptcy laws or other relevant laws could also alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation.

*Limitations Due to Regulatory Restrictions.* A Private Fund may seek to acquire a significant stake in certain securities. In the event such stake exceeds certain percentage or value limits, a Private Fund may be required to file a notification with a governmental agency or comply with other regulatory requirements. Certain notice filings are subject to review that requires a delay in the acquisition of the security. Compliance with such filing and other requirements may result in additional costs to a Private Fund, and may delay a Private Fund’s ability to respond in a timely manner to changes in the markets with respect to such securities.

*Directorships on Boards of Public Companies.* Our employees or affiliates of a Private Fund’s general partner may serve, from time to time, as directors, or in a similar capacity, with respect to public companies, the securities of which are purchased or sold on behalf of a Private Fund. In the event that we, the general partner,

or our affiliates (i) obtain material non-public information with respect to any portfolio company on whose board of directors our members serve or (ii) are subject to trading restrictions pursuant to the internal trading policies of such a portfolio company, a Private Fund may be prohibited for a period of time from engaging in transactions with respect to the securities of such a portfolio company, which prohibition may have an adverse effect on a Private Fund.

*Cybersecurity.* The information and technology systems of the Firm, the administrators of the Private Funds and portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users), usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, a Private Fund and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's, a Private Fund's, an administrator's and/or a portfolio company's operations and result in financial losses, violations of applicable privacy and other laws and a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Firm's, a Private Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance. In addition, cyber-attacks may render records of the Private Funds and other data integral to the functioning of the Private Funds inaccessible or inaccurate or incomplete. Substantial costs may be incurred by the Firm, a Private Fund and/or a portfolio company in order to resolve or prevent cyber incidents in the future.

*Other Business Interruptions/COVID-19.* The Firm's investment advisory activities and operations, or the activities and operations of service providers or portfolio companies, could be interrupted or adversely affected by extraordinary events or emergency situations, including, without limitation, outbreaks of infectious diseases, epidemics or pandemics, war, terrorism, failure of technology, disasters, government macroeconomic policies, or social instability. In order to mitigate the effects of these types of events, the Firm and/or any of its portfolio companies may activate their business continuity and/or disaster recovery plans. These plans may, for example, require their employees to work and access their information technology, communications or other systems remotely. The failure of these systems and/or disaster recovery plans for any reason could cause significant business interruptions in the Firm's, its affiliates', the Private Funds and/or a portfolio company's operations.

A recent outbreak of an infectious coronavirus (COVID-19) has developed into a global pandemic that has resulted in numerous disruptions in the market and has had significant economic impact leaving general concern and uncertainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general ways that cannot necessarily be foreseen at the present time. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is likely to continue to contribute to market volatility worldwide, which may materially and adversely affect the value of a portfolio's investments and the operations of portfolio companies.

The extent to which any outbreak, including COVID-19, will impact the activities of the Firm will depend on many factors beyond our control, including the speed of contagion, the development and implementation of effective preventative measures and possible treatments, the scope of governmental and other restrictions on travel and other activity, and public reactions to these factors. Any plans and preparations for such eventualities, may not be adequate or effective for their intended purpose.

*Alternative Data.* The Firm expects to obtain and use alternative data in its investment process. Alternative data may consist of datasets that have been culled from a variety of sources, such as, but not limited to, internet usage, financial transactions, mobile devices and applications that generate location, mobility and other data, surveys, and government and other public records databases (this data is sometimes referred to as "big data" or "alternative data"). The Firm intends to apply this alternative data to better anticipate company-specific and macro-economic trends and otherwise to develop or improve its investment decision making process. The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense,

including data acquisition and technological efforts, that are expected to be borne—at least in part— by clients. No assurance can be given that we will be successful in utilizing alternative data in the investment process.

Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data in this manner, and its use or misuse under current or future laws and regulations could create liability for the Firm and clients in numerous jurisdictions. We cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to the Firm or to clients. Conversely, any future limitations on the use of alternative data could have a material adverse impact on the performance of client portfolios.



Item 9 Disciplinary Information

We have no material legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Related persons to the Firm serve as general partners and/or members of the Board of Directors of the Private Funds and other private funds in which our clients may be solicited to invest. See response to Items 4 and 8. The Firm may also be the investment adviser to certain accounts or funds of other investment advisers.

At times, we may recommend that a separately managed account client consider also investing in a Private Fund. As stated in response to Items 4 and 8 of this brochure, the Firm or an affiliate of the Firm serves as general partner (or a member of the Board of Directors) and investment manager to each Private Fund. The Firm or its affiliate will provide the client with a copy of the Offering Memorandum of the Private Fund(s) in which the client is considering an investment. Each such Offering Memorandum discloses the respective fees and Performance Compensation to which an investor in the Private Funds is subject, and describes such Private Fund's investment methodology and risks, the conflicts of interest that may arise out of the relationship between the Private Fund, the Firm and the Firm's affiliates, as well as other pertinent information. We will not cause a client's assets to be used to purchase Private Fund interests unless we have received explicit written instructions signed by the client authorizing and directing the Firm to do so. The Firm and its related persons attempt to resolve any conflicts of interest in a manner that we believe is fair to each party involved.

We also serve as the sub-adviser to certain Sub-Advisory Clients sponsored by other investment advisers, investment banks or private wealth platforms.

You should also note that we manage or own (through our employees) certain proprietary accounts, as well as a private foundation for donations to qualified charitable institutions. The Firm, its principals, affiliates or employees have ownership interests in one or more of the Private Funds and we may have positions or interests in securities which are purchased or sold for, or recommended to, clients. We may give advice and take action with respect to any of our other clients, or for the Firm's or our principals', affiliates' or employees' own accounts, which may differ from advice given or the timing or nature of action taken with respect to a client's account. It is our policy, to the extent practicable, to allocate investment opportunities among clients and investors, over a period of time, on a fair and equitable basis. We have adopted a Trade Allocation Policy that we believe will realize that objective and mitigate the conflicts discussed above. We do not have any obligation to purchase or sell or to recommend for purchase or sale for a client's account any security which the Firm, its principals, affiliates or employees may purchase or sell for its or their own accounts or for the account of any other client, if in our opinion such transaction or investment appears unsuitable, impractical or undesirable for a client's account. The Firm, our employees and a private charitable foundation operated by us make donations to charitable organizations. Some of these donations may be given to organizations that are also clients of ours or investors in the Private Funds we manage.

The Firm has (and intends to continue to provide) advisory services to clients, and has accepted (and intends to continue to accept) subscriptions to the Private Funds from investors who also provide services to the Private Funds or the Firm or who are affiliated with service providers to the Private Funds or the Firm. Relationships such as these could be viewed as creating a conflict of interest. The Firm requires its employees to act in the best interests of the Private Funds when engaging service providers on their behalf.

The Firm provides investment advisory services from time to time to clients whose ownership structure is comprised of publicly traded securities, or to clients who hold senior positions at companies with publicly traded securities. Clients should be aware that the Firm may recommend (and has recommended) the purchase or sale of securities that are issued by another one of its advisory clients, by companies with which another advisory client is affiliated, or by companies for which one or more of the Firm's advisory clients serve as senior personnel. We recognize our fiduciary duty to act in the best interests of all clients and will take steps necessary to ensure that any investment recommendation does not inappropriately favor one client over another.

The Firm, its principals, and any of its employees or affiliates (collectively, the "Affiliated Group") are not prohibited from engaging in, acquiring or possessing an interest in, directly or indirectly, any other present or future business ventures or investments, of any nature whatsoever for its or his own account or for the account of others (each, an "Affiliated Group Account"). For example, the members of the Affiliated Group are not precluded from acquiring or possessing an interest or engaging, directly or indirectly, in any other present or future business ventures or investments which would be permissible or desirable business ventures or investments for a Private

Fund and/or separately managed account or are currently held or owned by a Private Fund and/or separately managed account, acting as investment adviser to other clients, acting as a broker, finder or director, officer or employee of, or consultant to any corporation, a trustee to any trust, a limited partner or general partner in any partnership, an administrative official of any business entity, or from receiving compensation for services as an adviser with respect to, or participating in, profits derived from the investments of any such corporation, trust, partnership or other business entity. No client will have any right to participate, in any manner whatsoever, in, or to require an accounting for, any profits or income earned or derived by the Affiliated Group members in their conduct of any business.

Subject to applicable law, the Affiliated Group may also enter into transactions with one or more portfolio companies held by a Private Fund and/or separately managed account for clients in an Affiliated Group Account, which transactions may present additional conflicts of interest.

Because the Firm manages multiple clients, conflicts of interest may arise in allocating management time, services or functions of the Firm. In addition, the Firm, its portfolio manager(s) or its affiliates intend to form and/or advise additional investment funds and/or accounts (whether with similar or different investment mandates, return objectives, redemption/withdrawal, notice and/or other terms, risk profiles, fee structures and characteristics), enter into other investment advisory relationships and engage in other business activities, even though such activities may be in competition with an existing Private Fund and/or separately managed account and/or may involve substantial time and resources of the Firm, its portfolio manager(s) or its affiliates.

In addition, a subsidiary of the Firm currently holds a minority ownership interest in a third-party investment management firm. The Firm's relationship with the third-party investment management firm implicates certain conflicts of interest. See Item 14 – "*Client Referrals and Other Compensation*" for additional information.

Other present and future activities of the Firm and its affiliates may give rise to additional conflicts of interest. For example, the Firm and its affiliates may expand the range of services that they provide or enter into a new line of business over time. The Firm and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. While none of the Firm, or its partners, officers, employees or affiliates is obligated to resolve any conflicts in favor of any one Private Fund or separately managed account, the Firm will endeavor to ensure that any conflict of interest is resolved fairly. However, prospective clients should be aware that conflicts will not necessarily be resolved in favor of any one Private Fund's or separately managed account's interest.

The Firm and certain individuals who are members of the Affiliated Group are currently the sole contributors to a private foundation known as Aventine Research Institute ("Aventine"). Aventine is devoted to publishing research on technological trends and developments affecting a wide variety of industries, cultures and regions. All of the research published by Aventine is made available to the public free of charge.

Although Aventine intends to conduct its charitable activities without regard to the Firm's investment activities, Aventine is governed by a board of directors, the majority of whom are officers or employees of the Firm. In addition, while Aventine is supported by a staff of one or more employees who are dedicated exclusively to Aventine's charitable activities (the "Aventine Employees"), the Aventine Employees utilize offices provided by the Firm, and the Aventine Employees and the Firm's employees are permitted to engage in discussions with one another from time to time in connection with their respective activities. The Aventine Employees also have access to research that the Firm prepares for the benefit of the Firm's clients, and the Firm provides certain administrative services to Aventine, including accounting services.

The relationships between Aventine and the Firm present the opportunity for certain potential conflicts of interests to arise. For example, in the course of conducting its charitable activities, Aventine may receive material non-public information related to certain issuers in which the Firm has invested or is considering making an investment on behalf of clients. To the extent that Aventine receives such information, the Firm may be restricted from making any new investments, or liquidating current investments, in the relevant securities. In addition, because Aventine intends to conduct its charitable activities without regard to the Firm's investment activities, research published by Aventine could potentially affect (negatively or positively) the price of certain securities in which one or more of

the Firm's clients are invested. The Firm believes that it has taken reasonable steps to mitigate these conflicts, such as requiring the Aventine Employees to be subject to the Firm's Code of Ethics and other relevant compliance procedures that are applicable to the Firm's employees and communications.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Conduct (the “Code”) setting forth a standard of business conduct expected of all our employees (including compliance with federal securities laws). The Code is predicated on the principle that we owe a fiduciary duty to our clients. Accordingly, under the Code, our employees must avoid activities, interests and relationships that run contrary or even appear to run contrary to the best interests of our clients.

The Code includes our Personal Investment Policy relating to personal securities transactions by employees, their spouses and each member of their household. (The policy does not apply to fully discretionary accounts managed by an unaffiliated investment manager that have been disclosed and exempted from coverage by the Chief Compliance Officer.) All employees, their spouses and each member of their household must, with certain limited exceptions, receive prior written approval before engaging in transactions in covered securities (open-end mutual funds are not covered securities). While employees may, with prior approval, purchase ETFs, private equity interests or Firm-managed accounts or funds, employees may not purchase in a personal securities account any stocks, bonds, debentures and other evidences of indebtedness, including senior debt and subordinated debt, investment contracts, commodity contracts, futures or derivative instruments such as options, warrants and indexed instruments. Our employees also are prohibited from profiting from the purchase and sale or sale and purchase of the same security within 60 days. Employees must submit quarterly statements and annual holdings reports. The Code also sets forth policies and procedures to prevent the misuse of material nonpublic information by employees. The Firm or related persons of the Firm may, from time to time, obtain or be deemed to have obtained, material nonpublic information about a portfolio company or other issuer that cannot be divulged or acted upon for our clients. This means that we may at times be precluded from buying or selling a particular security on behalf of a client.

Under the Code, our employees are generally discouraged from serving as directors, officers or trustees of publicly traded companies and must receive approval from the Firm’s Chief Compliance Officer to do so. In addition, we seek to eliminate any potential conflict of interest by requesting that all employees not accept any personal gifts valued at over \$100 from vendors or business associates without providing reimbursement. Where possible, employees are advised that gifts should be accepted on behalf of the Firm and shared with all employees. Clients, prospective clients, investors or prospective investors may obtain a copy of the Code by contacting us at Select Equity Group, L.P., 380 Lafayette Street, New York, NY 10003 or (212) 475-8335.

Please see the disclosure presented in the last two paragraphs of Item 10 “Other Financial Industry Activities and Affiliations” above for further information.

Item 12 Brokerage Practices

We are authorized to select brokers and dealers to execute securities transactions for our clients. Pursuant to such authority, as a general matter in executing portfolio transactions, we may employ or deal with such brokers or dealers as may, in our best judgment, provide prompt and reliable execution of the transaction at favorable security prices and reasonable commission rates. In selecting or recommending brokers or dealers, we will consider all relevant factors, including the price (including the applicable brokerage commission or dealer spread), size of the order, financing costs, nature of the market for security, timing of the transaction, the reputation, experience and financial stability of the broker-dealer, the quality of service, difficulty of execution and operational facilities of the firm involved, the ability to effect the transaction where a large block or other complicating factors are involved, and the availability of the broker to stand ready to execute possible difficult transactions in the future. We have no obligation to deal with any broker or group of brokers in the execution of portfolio transactions.

We may allocate brokerage to broker-dealers that provide us with research and other services, even though such broker dealers may charge commissions which exceed those other broker-dealers may have charged for the same transactions. Such allocations may occur to the extent that we view the commissions as reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or our overall responsibilities with respect to the accounts as to which we exercise investment discretion, without any requirement to demonstrate that any such factor is of a direct benefit to a particular client. Research and other services furnished by brokers through which we effect securities transactions for a particular client may be used by us in advising other clients. We do not currently have in effect any third party soft dollar commitments pursuant to which we receive research or other services in exchange for commissions; however, we do receive certain trading analytics from broker-dealers and attend conferences and/or meetings with companies' management that have been sponsored or arranged by broker-dealers that receive brokerage commissions from the accounts managed by us, and in certain limited circumstances receive research reports and/or speak with analysts at broker-dealers that receive commissions. We understand that our receipt of the research and other services is part of our overall relationship with the broker-dealers and we do not believe that we are "paying up" for such research and other services. While we endeavor to use such additional benefits to service all of our clients' accounts equitably, you should note that such arrangements provide an incentive for us to select or recommend a broker-dealer based on an interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. Furthermore, such arrangements may nevertheless cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for such benefits (known as paying-up).

In addition, we are authorized to direct commissions of each Private Fund to certain brokers who may direct or refer investment opportunities or introduce investors to such Private Fund (although there is no obligation to do so). The Firm's prime brokers, Morgan Stanley & Co. LLC and Goldman Sachs & Co., provide a variety of services to the clients of the Firm, which may include clearance and settlement of securities transactions, custody of the clients' securities and cash, extending margin credit to the client, arranging for stock loans to implement short sales, lending of the clients' portfolio securities to third parties, and capital introduction services whereby the Firm may be afforded the opportunity to make a presentation regarding its services to certain qualified investors by the prime broker. While the prime broker generally provides capital introduction services to the Firm at no additional cost to the Firm, the Firm and not the client may be the principal or sole beneficiary of those services, thus presenting a potential conflict of interest between the client and the Firm, which is responsible for selecting the prime broker and negotiating such person's brokerage, margin and other fees.

Investment decisions are made for the Private Funds, other clients of the Firm and our affiliates, and proprietary accounts in light of relevant investment considerations. In certain instances, simultaneous transactions will occur. In the event that orders for the same security for more than one client are placed with the same broker, we may aggregate or "bunch" such orders. Purchases and sales are then allocated so that no account will be treated less favorably than another over time. Our Trade Allocation Policy provides that trade orders on behalf of accounts and Private Funds managed in the U.S. Long-Only Strategy (including the proprietary accounts discussed in Item 10 above) will be allocated based on available cash in the accounts and Private Funds managed in this strategy. This may result in certain Private Funds and accounts (including the proprietary accounts discussed in Item 4 above) receiving more advantageous pricing than other accounts or Private Funds with respect to a trade order. Trades in accounts and Private Funds managed in strategies other than the U.S. Long-Only Strategy will be allocated pro rata

based on the size of the order. While in some cases the aggregation of orders could have a detrimental effect upon the price or value of a security for a particular account, or upon its ability to complete an entire order, in other cases coordination and the ability to participate in volume transactions will be beneficial to the account. We will not be required or deemed to have the duty to obtain the lowest brokerage or commission rates or combine or arrange orders to obtain the lowest brokerage commission rates.

As a result of changes in investment allocations due to cash flows (e.g., subscriptions, withdrawals/redemptions or contributions) in a Private Fund or managed account and/or differences in investment strategies and the risk profiles associated with such strategies, we may acquire or dispose of securities on behalf of certain clients at different times and at different prices and/or trading parameters than transactions in the same securities are effected on behalf of other clients. Trades placed at different times may be executed at different prices.

Securities traded on an exchange or over-the-counter are traded through brokers who generally charge a stated commission for their service; however, in certain cases we may effect transactions in securities for advisory clients through a broker on a principal basis, i.e. subject to an undisclosed dealer spread. Certain agency transactions may be subject to both commissions and an undisclosed dealer spread.

Certain orders placed for some clients that have accounts at Charles Schwab & Co., Inc. ("Schwab") will be aggregated by Schwab through a master account in our name. We must inform Schwab of which clients are participating in each order and their respective interests in such order. Schwab will withdraw or deposit funds from or into each such client's brokerage account at Schwab and allocate the securities purchased or sold to such accounts in accordance with instructions delivered by the Firm after the order is placed. Schwab has advised us that no client funds or securities are moved, transferred or delivered to our master account with Schwab. In addition, only advisory clients' transactions will be aggregated through the master account; individual investment advice and treatment will be accorded to each advisory client's account; and client funds and securities will at all times be maintained in brokerage accounts at Schwab in the name of their respective owners.

We may place concurrent buy/sell orders for the same security when we have determined, in accordance with our fiduciary obligations, that it is appropriate for one or more of our clients to buy the same security that one or more other clients are selling (for example, as a part of monthly rebalancing or to effect concurrent subscriptions/withdrawals/redemptions/strategy trades). In such situations, purchase orders will generally be traded at a different broker than the sales transactions for the opposing accounts and/or private funds (and vice-versa), but may in certain circumstances - subject in all cases to applicable law and regulation (including ERISA), as well as our policies prohibiting cross-trades involving our principal accounts or the accounts of our registered investment company clients – be placed with the same broker.

Item 13      Review of Accounts

Accounts are reviewed on several different levels. Every transaction and position for a client account is reconciled through an electronic system by our outsourcing provider and is monitored by a number of full-time analysts in our Portfolio Administration group. The reconciliation generally takes place on a daily basis. Investment and trading personnel will review the Firm's discretionary client accounts daily, specifically looking for irregularities and for unusual positions. Any issues will be resolved by the investment personnel or trading staff, as appropriate. In addition, performance of individual securities is compared to expectations regarding the security on a daily basis by the senior investment staff.

Individually managed clients receive a statement (no less frequently than quarterly) from the custodians they elect to use showing the securities held, cash balance, total value, and a description of all transactions during the month. We furnish to clients with individual accounts a quarterly report showing opening and closing balances and performance comparisons with the relevant benchmark indices (in each case, index performance is total return with dividends included). After the end of each calendar year, investors in the Private Funds to which the Firm serves as investment adviser will be provided with financial statements audited by the Private Funds' independent accountants via an electronic portal. Each Private Fund investor will, in addition, be furnished (either in hard copy or via an electronic portal) information necessary for the preparation of its respective tax returns (if applicable). Each investor will also receive a monthly report setting forth the value of its capital account or shareholdings, as the case may be, from a third party administrator via an electronic portal. Each Private Fund investor will also receive such periodic performance reports as the general partner or investment manager may deem appropriate.



Item 14      Client Referrals and Other Compensation

Generally, each Private Fund compensates the Firm for serving as such Private Fund's investment adviser.

We have entered into, and may continue to enter into, arrangements whereby the Firm (or an affiliate) will pay cash referral fees to an individual or firm for referring advisory clients. You should be aware that this practice may lead to a potential conflict of interest for the referring party who may have an incentive to recommend investment products based on the compensation received, rather than on a client's needs.

Any cash referral fee payments made in connection with the referral of advisory clients will comply with Rule 206(4)-3 of the Advisers Act.

Please see also the disclosures with respect to certain brokers discussed in Item 12 above.

A subsidiary of the Firm currently holds a minority ownership interest in a third-party investment management firm. Under the Firm's arrangement with the third-party investment management firm, the Firm and certain of its affiliates and partners are entitled to receive a portion of the investment advisory fees, incentive compensation and other fees received by the third-party investment management firm for the services it provides to the funds or accounts it manages (the "Third Party Funds"). Certain investors in our Private Funds may also invest, directly or indirectly, in the Third Party Fund, and the Firm and certain of its affiliates and partners will receive a portion of the investment advisory fees, incentive compensation and other fees paid by such investors, directly or indirectly, in respect of the Third Party Fund, including any administration fees, transaction fees, management fees, commissions and performance fees or carried interest allocations. Consequently, the Firm faces a potential conflict of interest with respect to its relationship with the third-party investment management firm insofar as the Firm has a financial incentive to recommend their investors in the Private Funds (and other clients of the Firm) invest in the Third Party Funds.

Currently the investment strategies of the Third Party Funds do not overlap with the investment strategies of any of our Private Funds or other clients.

The Firm arranges, where required by law or contract, for each Private Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. The Firm, where required by law or contract, makes those audited financial statements available to all investors in the Private Funds within 120 days of the end of the Private Funds' fiscal year. Investors should carefully review those financial statements. Upon liquidation of a Private Fund, the Firm, where required by law or contract, will distribute its audited financial statements prepared in accordance with GAAP to all investors in the Private Fund promptly after the completion of such audit.

For any separately managed accounts that are not registered investment companies for which the Firm is deemed to have custody pursuant to Rule 206(4)-2 under the Advisers Act (other than separately managed accounts where the Firm is deemed to have custody solely as a consequence of its authority to make withdrawals from the account to pay fees), the Firm will arrange for a surprise examination of such accounts, and such clients will receive quarterly account statements from the Qualified Custodians for their accounts. Clients should carefully review such account statements. If clients should also receive account statements from the Firm, clients should compare those statements with those they receive from Qualified Custodians.

For those client accounts where we submit to the client's custodian a bill for management fees (discussed above), we have a reasonable belief, after due inquiry, that the qualified custodians of those accounts send account statements to such clients no less frequently than on a quarterly basis.

Item 16      Investment Discretion

We have full discretionary authority pursuant to an investment management agreement to manage each Private Fund and, pursuant to an investment advisory agreement (subject to any agreed upon client guidelines or restrictions) to manage individual client accounts. The Firm's investment management agreements and investment advisory agreements, as applicable, will provide for discretionary authority, and limits, if any, on such authority that the Firm will have over the account.

Item 17      Voting Client Securities

As a general matter, we ask that clients grant us the authority to vote the client securities that we manage. However, certain of our clients have requested that they retain the authority to vote proxies. Those clients receive proxy voting materials directly from their custodian.

We have adopted general proxy voting policies with respect to the election of directors, appointment of auditors, changes in the capital structure of an issuer, restructurings, mergers and acquisitions, corporate governance, anti-takeover measures, executive compensation and environmental and social proposals. Our policy is to vote clients' proxies in the interest of maximizing shareholder value - voting proxies in such a manner as to cause the issue to increase the most or decline the least - considering both the short and long term implications of the proposal to be voted.

If an analyst determines that they or the Firm are facing a material conflict of interest in voting a client's proxy, and the proposed vote is in conflict with our stated guidelines or policies on a particular issue, our procedures provide for a Proxy Voting Committee to determine the appropriate vote.

Our written proxy voting policy and procedures are available for clients' review. In addition, our complete proxy voting record is available exclusively to our clients. A copy of the policies and the proxy voting record relating to the respective client may be obtained by contacting us at Select Equity Group, L.P., 380 Lafayette Street, New York, NY 10003 or (212) 475-8335.

We are not authorized to provide advice with respect to, or participate on behalf of our separately managed account clients in, legal matters, including class action settlement and bankruptcies. We may, however, where we deem appropriate in our sole discretion, elect to participate in a class action settlement or other litigation on behalf of our Private Fund clients where we have the requisite authority to take such action.

Item 18 Financial Information

The Firm has no financial conditions that are likely to impair its ability to meet contractual commitments to clients.